

IN THE CIRCUIT COURT OF DAVIDSON COUNTY, TENNESSEE  
FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

2003 OCT -3 PM 1

RICHARD R. ROCKER, C

*[Signature]*

No 0362794

STATE OF TENNESSEE,

Petitioner,

v.

JOHNNY H. CROOM, individually,  
BARBARA B. CROOM, individually,  
d/b/a Welcomewinners.com a/k/a  
Money Magic,

Respondents.

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**ASSURANCE OF VOLUNTARY COMPLIANCE**

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THIS ASSURANCE OF VOLUNTARY COMPLIANCE ("Assurance") is given by Johnny H. Croom, individually and Barbara B. Croom, individually, d/b/a Welcomewinners.com a/k/a Money Magic of Humboldt, Tennessee ("Respondents"), to Paul G. Summers, Attorney General and Reporter for the State of Tennessee ("Attorney General") at the request of Mary Clement, the Director of the Tennessee Division of Consumer Affairs of the Department of Commerce and Insurance ("Division").

**WITNESSETH:**

Some of the facts and circumstances surrounding the execution of this Assurance are as follows:

A. The Division of Consumer Affairs of the Department of Commerce and Insurance (the "Division") and the Attorney General conducted an investigation of specific business practices of Respondents. These practices include Respondents' unlawful multilevel marketing practices, in violation of Tenn. Code Ann. § 47-18-104 (b) (20). Respondents' business practices are more fully described in the State's Petition. As a result of the investigation, the Division and the Attorney General determined that certain acts and practices of Respondents violated the Tennessee Consumer Protection Act of 1977, TENN. CODE ANN. §§ 47-18-101, *et seq.* ("Act").

B. Respondents neither admit nor deny any wrongdoing. Further, pursuant to TENN. CODE ANN. § 47-18-107(c), acceptance of this Assurance by Respondents shall not be considered an admission of a prior violation of the Act.

C. Therefore, pursuant to TENN. CODE ANN. § 47-18-107, Respondents desire to give this Assurance, and the Attorney General desires to accept it, in order to avoid the expense of litigation.

NOW, THEREFORE, acting pursuant to TENN. CODE ANN. § 47-18-107, Respondents give, and the Attorney General accepts, the following assurances:

## **1. DEFINITIONS**

As used in this Assurance and accompanying Agreed Final Judgment, the following words or terms shall have the following meanings:

- 1.1 "Assurance of Voluntary Compliance" or "Assurance" shall refer to this document entitled Assurance of Voluntary Compliance in the matter of *State of Tennessee v. Johnny H. Croom, individually, Barbara B. Croom, individually, d/b/a Welcomewinners.com a/k/a Money Magic.*



- 1.2 “Consumer” means any person, a natural person, individual, active participant (other than Respondents) in Welcomewinners.com a/k/a Money Magic, governmental agency or other entities, partnership, corporation, trust, estate, incorporated or unincorporated association, and any other legal or commercial entity however organized.
- 1.3 “Division” or “Division of Consumer Affairs” shall refer to the Tennessee Division of Consumer Affairs of the Department of Commerce and Insurance.
- 1.4 “Respondents” shall refer to Johnny H. Croom, Barbara Croom and/or any and all officers, owners, employees, agents and representatives of Welcomewinners.com a/k/a Money Magic.
- 1.5 “Petitioner”, “State of Tennessee”, or “Attorney General” shall refer to the Office of the Tennessee Attorney General and Reporter.
- 1.6 “Tennessee Consumer Protection Act” or (“Act”) shall refer to the Tennessee Consumer Protection Act of 1977 and related statutes found at Tenn. Code Ann. §§ 47-18-101, *et seq.*

## **2. JURISDICTION**

2.1 Jurisdiction of this Court over the subject matter herein and over the person of the Respondents for the purposes of entering into and enforcing this Assurance and Agreed Order is admitted. Jurisdiction is retained by this Court for the purpose of enabling the parties to apply for such further orders and directions as may be necessary or appropriate for the construction, modification or execution of this Assurance and Agreed Final Judgment, including enforcement of compliance therewith and assessment of penalties for violation(s) thereof. Respondents agree to pay all court costs and any costs associated with any successful petitions to enforce any provision of this Assurance and Agreed Final Judgment against Respondents.



### 3. VENUE

3.1 Pursuant to TENN. CODE ANN. § 47-18-107, venue as to all matters between the parties relating hereto or arising out of this Assurance is solely in the Circuit Court of Davidson County, Tennessee.

### 4. PERMANENT INJUNCTION

Accordingly, it is hereby agreed that upon approval of the Court, Respondents and anyone in concert with Respondents, shall be permanently and forever enjoined, restrained and bound from directly or indirectly engaging in the practices set forth herein or shall be required as appropriate:

4.1 Respondents shall immediately remove their Internet web site, Welcomewinners.com a/k/a Money Magic and shall cease all business associated with that web site. Respondents shall not sell, assign, or otherwise transfer their interest in Welcomewinners.com a/k/a Money Magic.

4.2 Respondents shall notify active participants in Welcomewinners.com a/k/a Money Magic of their cessation of business through their weekly training calls on August 30, 2003 and on September 2, 2003. Should Respondents receive subsequent inquiries from any consumer regarding Respondents' cessation of business, Welcomewinners.com a/k/a Money Magic, Respondents may refer these consumers to the Attorney General's office, which, at the request of the consumer, shall send a copy of this Assurance, Agreed Final Judgment and Petition to the consumer. Respondents shall provide the State with affidavits verifying and certifying that all



active participants who participated in training calls on August 30, 2003 and September 2, 2003, received notice through those training calls of the Respondents' cessation of business.

4.3 Respondents shall be prohibited from creating or using any web site or other means of conducting business, in any name, which constitutes a pyramid distributorship as defined at Paragraph 4.4 of this Assurance and Tenn. Code Ann. § 47-18-104(b)(20).

4.4 Respondents shall be prohibited from selling or offering to sell, either directly or associated with the sale of goods or services, a right of participation in a pyramid distributorship. As used in this subdivision (b) (20), a "pyramid distributorship" means any sales plan or operation for the sale or distribution of goods, services or other property wherein a person for a consideration acquires the opportunity to receive a pecuniary benefit, which is not primarily contingent on the volume or quantity of goods, services or other property sold or delivered to consumers, and is based upon the inducement of additional persons, by such person or others, regardless of number, to participate in the same plan or operation. Tenn. Code Ann. § 47-18-104 (b) (20) .

4.5 Respondents shall be prohibited from directly or indirectly engaging in any misleading, unfair or deceptive acts or practices in the conduct of their business. Respondents shall fully comply with all provisions of the Tennessee Consumer Protection Act of 1977, TENN. CODE ANN. §§ 47-18-101, *et seq.*, including but not limited to §§ 47-18-104(a) and (b)(27), which prohibit unfair and deceptive acts and practices.

## **5. WAIVER OF ATTORNEYS' FEES AND COSTS**

5.1 The State of Tennessee agrees to waive its attorneys' fees and costs of investigation, prosecution and monitoring for compliance of this matter. The State bases its waiver of attorneys' fees and costs of investigation, prosecution and monitoring for compliance on the Respondents' representations of their inability to pay these fees and subject costs. If the Respondents' representations regarding their inability to pay the attorneys' fees and subject costs prove to be falsely made, the State's waiver is deemed null and void and payment of attorneys' fees and costs shall be due and owing, upon notification to Respondents by the Attorney General.

## **6. CIVIL PENALTIES**

6.1 Respondents shall pay the sum of ONE THOUSAND 00/100 DOLLARS (\$ 1,000.00) to the State of Tennessee as a civil penalty pursuant to TENN. CODE ANN. § 47-18-108(b)(3). Said payment shall be made by providing the Attorney General or his designated representative a cashier's or certified check made payable to the "State of Tennessee - Civil Penalties" on the day of execution of this Assurance.

## **7. MONITORING AND COMPLIANCE**

7.1 Upon request, Respondents agree to provide books, records and documents to the State at any time, and further, to informally or formally under oath, provide testimony and other information to the State relating to compliance with this Assurance. Respondents shall make any requested information available within one (1) week of the request, at the Office of the Attorney General, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville,



Tennessee 37243, or at any other location within the State of Tennessee that is mutually agreeable in writing to Respondents and the Attorney General. This section shall in no way limit the State's right to obtain documents, information, or testimony pursuant to any federal or state law, regulation, or rule.

## **8. PRIVATE RIGHT OF ACTION**

8.1 Pursuant to TENN. CODE ANN. §§ 47-18-109 and 47-18-107(e), nothing in this Assurance shall be construed to affect any private right of action that a consumer may hold against Respondents.

## **9. PENALTY FOR FAILURE TO COMPLY**

9.1 Pursuant to TENN. CODE ANN. § 47-18-107(c), Respondents understand that upon execution and filing of this Assurance, any subsequent failure to comply with the terms hereof is *prima facie* evidence of a violation of the Tennessee Consumer Protection Act.

9.2 Pursuant to TENN. CODE ANN. § 47-18-107(f), Respondents understand that any knowing violation of the terms of this Assurance shall be punishable by civil penalties of not more than One Thousand Dollars (\$1,000.00) for each violation, in addition to any other appropriate penalties and sanctions, including but not limited to contempt sanctions and the imposition of attorneys' fees and costs. Respondents agree to pay all court costs and attorneys' fees associated with any petitions to enforce this Assurance and Agreed Final Judgment against the Respondents.



## 10. REPRESENTATIONS AND WARRANTIES

10.1 Respondents represent and warrant that the execution and delivery of this Assurance are their free and voluntary acts, that this Assurance is the result of good faith negotiations, and that Respondents agree that the Assurance and terms hereof are fair and reasonable. The parties warrant that they will implement the terms of this Assurance in good faith. Further, no offer, agreements, or inducements of any nature whatsoever have been made to it by the State of Tennessee, its attorneys or any employee of the Attorney General's Office or the Division of Consumer Affairs to procure this Assurance.

10.2 Respondents represent that signatories to this Assurance have authority to act for and bind the Respondents.

10.3 Respondents warrant and represent that Johnny H. Croom and Barbara B. Croom are the proper parties to this Assurance and Order.

10.4 Respondents represent that these are their true legal names and that Welcomewinners.com a/k/a Money Magic are the true legal names of their business entity, entering into this Assurance of Voluntary Compliance and Agreed Order.

10.5 Respondents further acknowledge that they understand that the State expressly relies upon all of the representations and warranties set forth herein, and that if they are false, unfair, deceptive, misleading or inaccurate, the State has the right to move to vacate or set aside this Assurance and Agreed Final Judgment, if the State so elects.



## 11. GENERAL PROVISIONS

11.1 Respondents will not participate directly or indirectly in any activity to form a separate entity or corporation for the purpose of engaging in acts prohibited in this Assurance or for any other purpose which would otherwise circumvent any part of this Assurance or the spirit or purpose of this Assurance.

11.2 Neither Respondents nor anyone acting on their behalf shall state or imply or cause to be stated or implied that the Attorney General, the Division of Consumer Affairs, the Department of Commerce and Insurance, or any other governmental unit of the State of Tennessee approved, sanctioned, or authorized any practice, act, or conduct of the Respondents.

11.3 This Assurance and Agreed Order may only be enforced by the parties hereto.

11.4 The titles and headers to each section of this Assurance are for convenience purposes only and are not intended by the parties to lend meaning to the actual provisions of the Assurance.

11.5 This document shall not be construed against the "drafter" because both parties participated in the drafting of this document.

11.6 This Assurance and Agreed Final Judgment constitute the complete agreement of the parties with regard to the resolution of the matters set forth in the State's Petition. This Assurance resolves the matters set forth in the State's Petition.

11.7 This Assurance shall be binding and effective against Respondents upon Respondents' execution of the Assurance. In the event the court does not approve this Assurance, this Judgment shall be of no force and effect.

11.8 Time shall be of the essence with respect to each provision of this Assurance that requires action to be taken by either party within a stated time period or upon a specified date.

11.9 This Assurance sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Assurance which are not fully expressed herein or attached hereto.

## **12. COMPLIANCE WITH ALL LAWS, REGULATIONS AND RULES**

12.1 Nothing in this Assurance and Agreed Final Judgment shall be construed as relieving Respondents of their obligation to comply with all state and federal laws, regulations and rules.

## **13. FILING OF ASSURANCE**

13.1 Upon the execution of this Assurance, the Attorney General shall prepare and file in the Circuit Court for Davidson County a Petition, Agreed Final Judgment and this Assurance for the Court's approval. Respondents hereby waive any and all rights which they may have to be heard in connection with judicial proceedings upon the Petition. Respondents agree to pay court costs of filing such Petition, Assurance and Agreed Final Judgment. Simultaneously with the execution of this Assurance, Respondents shall execute the Agreed Final Judgment. This Assurance is made a part of and is incorporated into the Agreed Final Judgment. The Respondents agree that they consent to the entry of this Assurance and Agreed Final Judgment Order without further notice.



13.2 Any notices required to be sent to the State or the Respondents by this Assurance shall be sent by United States mail, certified mail return receipt requested or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document. The documents shall be sent to the following addresses:

For the State:

Meredith DeVault  
Senior Counsel  
Office of the Attorney General  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, Tennessee 37202-0207

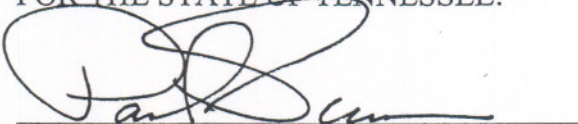
Respondents:

Mr. Johnny Croom, 432 Morris Circle, Humboldt, TN 38343  
Ms. Barbara B. Croom, (same address)

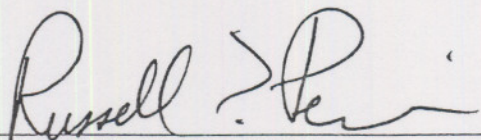
#### 14. COURT COSTS

14.1 All costs associated with the filing of this Assurance shall be borne by Respondents. No costs shall be taxed against the State as provided by TENN. CODE ANN. § 47-18-116. Further, no discretionary costs shall be taxed to the State.

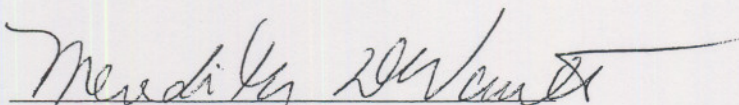
FOR THE STATE OF TENNESSEE:



PAUL G. SUMMERS  
Attorney General & Reporter  
B.P.R. No. 6285

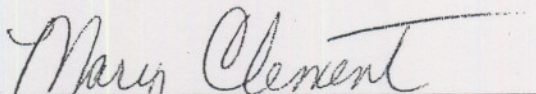


RUSSELL T. PERKINS  
Deputy Attorney General  
B.P.R. No. 10282



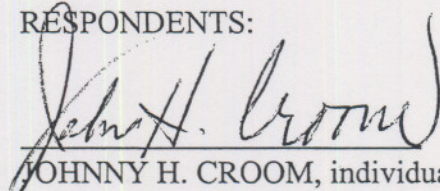
MEREDITH DEVAULT  
Senior Counsel  
B.P.R. No. 9157  
Office of the Attorney General  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, TN 37202  
(615) 532-2578

APPROVED BY:



MARY CLEMENT  
DIRECTOR  
Tennessee Division of Consumer Affairs  
Department of Commerce and Insurance  
500 James Robertson Parkway  
5th Floor, Davy Crockett Tower  
Nashville, TN 37243-0600  
(615) 741-4737

RESPONDENTS:



JOHNNY H. CROOM, individually  
and d/b/a Welcomewinners.com a/k/a Money Magic  
432 Morris Circle  
Humboldt, TN 38343  
Telephone Number: (731) 784-6506 and (731) 784-9794



*Barbara B. Croom*

BARBARA B. CROOM, individually  
and d/b/a Welcomewinners.com a/k/a Money Magic  
432 Morris Circle  
Humboldt, TN 38343  
Telephone Number: (731) 784-6506 and (731) 784-9794

IN THE CIRCUIT COURT OF DAVIDSON COUNTY, TENNESSEE  
FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

FILED

2003 OCT-6 PM 1:58

RICHARD R. ROOKER, CLERK

STATE OF TENNESSEE,

Petitioner,

v.

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BARBARA B. CROOM, individually,  
d/b/a Welcomewinners.com a/k/a  
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Respondents.

No. 0362794

**AGREED FINAL JUDGMENT**

This cause came on to be heard on the Petition and Assurance of Voluntary Compliance, and counsel having been heard in the matter, the Court is of the opinion that the said Assurance of Voluntary Compliance should be approved.

It is therefore, ORDERED, ADJUDGED, and DECREED that the Assurance of Voluntary Compliance annexed hereto and incorporated herein by reference, and hereby made a part of this Agreed Final Judgment be, and the same hereby is approved, and further

ORDERED, ADJUDGED, and DECREED that the Respondents shall comply with the terms thereof unless rescinded by the parties or modified by this Court for good cause shown.

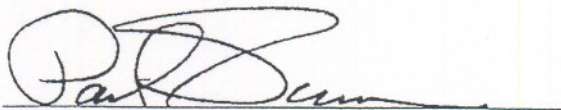
Costs shall be taxed to the Respondents.

Entered this the 6 day of Oct, 2003.

  
CIRCUIT COURT JUDGE



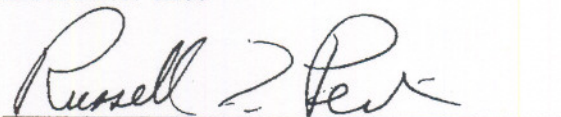
APPROVED FOR ENTRY BY:



PAUL G. SUMMERS

Attorney General & Reporter

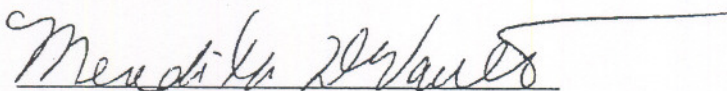
B.P.R. No. 6285



RUSSELL T. PERKINS

Deputy Attorney General

B.P.R. No. 10282



MEREDITH DEVAULT

Senior Counsel

B.P.R. No. 9157

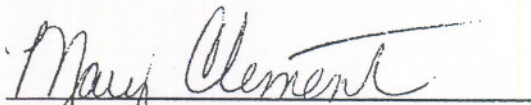
Office of the Attorney General

Consumer Advocate and Protection Division

Post Office Box 20207

Nashville, TN 37202

(615) 532-2578



MARY CLEMENT

Director

Tennessee Division of Consumer Affairs

Department of Commerce and Insurance

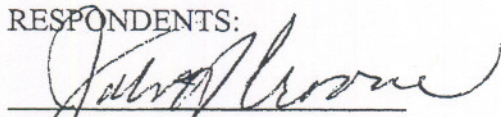
500 James Robertson Parkway

5th Floor, Davy Crockett Tower

Nashville, TN 37243-0600

(615) 741-4737

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